

Tim Gortsema Testimony

HB 6640

Good Afternoon Chairman Marleau and members of the committee, thank you for the opportunity to speak to you this afternoon in support of HB 6640. Today I have with me Kellie Haines of Axios Inc., who handles our Workers Compensation program and our event staffing, and Tom Cypher, our attorney who represents us in workers compensation litigation. They are with me today to answer any questions you may have after my testimony.

My name is Tim Gortsema, Vice-President of Finance & Administration for the Grand Rapids Rampage and the Grand Rapids Griffins. The Grand Rapids Rampage is a member of the Arena Football League and the Grand Rapids Griffins are a member of the American Hockey League. The Griffins have been in existence since 1995 and the Rampage since 1997.

Both teams are very important to the revitalization that has occurred in downtown Grand Rapids. Between the two teams, we account for more than 50 games per year played at the Van Andel Arena. In addition to the direct jobs created for players, our economic impact on the community is tremendous. There are jobs created to staff the arena, jobs created at surrounding businesses before and after the game, and jobs created at our organization. All of this adds up to significant economic activity in our community throughout the year.

Like any other business, we operate on tight margins. We pay salaries, taxes, benefits, insurance, rent, and all the other expenses incurred by a business. When one of those components gets out of whack, it can mean the difference between ending the year in the black or the red.

I want to use the Rampage as an example of why we are supporting Rep Robertson, Rep. Hildenbrand, and Rep. Condino in their desire to bring fairness to the workers compensation system. Our workers compensation premiums had gone up over 400% over the past five years due to the current system and some players who are abusing a loophole in that system. In fact, our workers compensation premiums are currently more than 1/3 of our total annual payroll.

Let me explain what happens in our situation. Current eligibility for a player to receive workers compensation is based on his income at the time he files for benefits rather than at the date of injury, which is the controlling date for all other Michigan workers. Players will often play through a minor injury for an entire season, then wait and file a claim after the season is over. Because they are not receiving income after the season, as it is seasonal work, they are given the maximum indemnity benefit allowed under the law. Furthermore, due to the seasonality of our work and the inherent risks involved, players are paid a premium via their base contracts to perform their football-related services. However, this creates an artificially high weekly income threshold that is then subsequently used as the baseline wages that must be replaced via subsequent employment in order to avoid workers compensation liability through the remainder of the year. This happens because the court considers the player's salary amount (specifically the Average Weekly Wage) to be "earnable" over 52 weeks, even though the season only lasts 20 weeks. Most players filing these claims do not ever seek out other employment that they

could perform despite the football injury. When the subsequent football season begins, often these same players are then miraculously able to participate in training camp and fulfill their obligations so that their contract is paid again for the following season. Then after the season, the vicious cycle starts over again. The result is that many of our players are able to abuse the system to garner 52 weeks worth of wages for 20 weeks of work.

Rep. Robertson's bill would correct this abuse by determining eligibility **at the time of the injury like every other Michigan worker**, rather than at the time of application. Most of the players who are currently abusing the system would not be eligible for compensation during the off-season with the passage of this bill. Without this fix, our franchises cannot continue indefinitely and we will be forced to evaluate whether we can continue operations or not. As a Michigan-based business and employer, we have to get our worker's compensation premiums under control and HB 6640 will help accomplish that.

I want to make something perfectly clear -- we are very interested in making certain that our players are treated with the utmost care and respect as to their health and their well being. They represent after all the product that we place on the field and sell to our fans and local community each and every week. If a player is injured, his medical bills are completely covered. If he is hurt during the year, the remainder of his contract for that year is honored and he receives full payment for the entire season. What we are not interested in doing is paying for a player to have 52 weeks of salary for a 20-week job that has inherent risks attached to it. Football is a dangerous sport. Players understand that when they sign up to play. The second provision of HB 6640 helps to address this current inequity in the Michigan workers compensation system.

Other states have workers compensation systems that understand the value of professional sports on the economy. In Florida, all professional athletes are not eligible for workers compensation at all. In Colorado, ski instructors are not eligible for workers compensation benefits. The laws in these states reflect the known risk players take by playing their sport professionally as well as the importance of certain industries to a state's overall economy. We believe Michigan should adopt HB 6640 to make sure that minor league sports remains a viable entertainment and economic tool for Michigan

Thank you for your time this afternoon and your support of HB 6640, Kellie, Tom or I are happy to answer any questions you may have at this time.